Urban Housing Markets
Recent Directions in Research and Policy

Chapter 6.1

The Impact of Recent Trends in Canadian Social Housing Policies

Albert Rose

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6.1 THE IMPACT OF RECENT TRENDS IN SOCIAL HOUSING POLICIES

Albert Rose

All housing policy is social policy in the sense that it is designed to help people meet a basic human need. Moreover, housing policy is societal in nature since the decisions of major private entrepreneurs, as well as significant agencies of the several levels of government in a federal state, affect the entire society.

In Canada such enunciation of policy and consequent legislation for nearly fifty years have had both economic and social objectives. At one time, the economic objective may have been predominant; at other times, more attention was directed towards social objectives. In most years the capital investment in what has come to be known as "social housing" was quite insignificant by comparison with investment in private housing markets.

Nevertheless, for the past two decades at least, Canadians have maintained a rather simplified and even naive view of housing markets. The upper third in the distribution of total family incomes on a national, regional or local scale were considered able to meet their housing requirements with their own resources and arrangements with the lending institutions. The middle third were judged to be those for whom the mortgage insurance and home ownership provisions of the National Housing Act (NHA) were intended. The lower third of families and individuals in the income distribution were the obvious beneficiaries of socially assisted, or "public," housing. In fact, their clear disadvantage in income and social functioning were considered by many to be the sole justification for state intervention in the field of social housing.

In the 1970s this tri-partite conception has little or no meaning. A large proportion of families in the total distribution are eligible for governmental assistance in obtaining housing. As far as social housing is concerned there are notable changes in progress which cast doubt upon most previous assumptions. These changes involve primarily a shift from principal attention on the family, towards the elderly

and other special groups of disadvantaged persons; a shift from rental accommodation to home ownership involving a government investment in continued high rates of price inflation; a shift from centralized authority to decentralization in the administration and management of socially assisted housing; and, inevitably, a return to deep concern with expanding levels of housing subsidy, not merely in the current time period, but looking ahead to the end of the century and beyond.

BACKGROUND TO CHANGE

Social housing policy in Canada may be dated from 1949, when the National Housing Act was amended to permit the government of Canada to make agreements with the governments of the provinces to provide houses for sale or for rent with consequent potential financial losses. Both the capital expenditures and the anticipated losses (that is, subsidies) were to be shared on a 75-25 per cent basis between the two senior levels of government.

The federal-provincial partnership remained from 1950 until the major amendments to the legislation passed in 1964. Despite a great deal of attention to the needs of residents in so-called "blighted" or slum areas, and to the problems inherent in what was first called "housing redevelopment", then later "urban redevelopment" and finally "urban renewal" in the new National Housing Act 1954, relatively little was produced in fifteen years of joint government endeavour. It has been estimated that little more than 10,000 dwelling units were built in Canada as a consequence of the 1949 amendments and changes in the legislation over the next ten years.

There was thus great anticipation in 1963-64 when it was known that long-awaited amendments to the 1954 Act would be introduced in the federal parliament. The year 1964 was auspicious for many reasons: Canada appeared to be emerging from a severe economic recession which began some six years earlier. There was a new spirit within the country as a new government assumed responsibility with a majority in parliament after several years of minority government. Moreover, the 1964 amendments to the National Housing Act appeared to represent a degree of decentralization never before experienced in Canadian housing history.

The national government and its agency, Central Mortgage and Housing Corporation (CMHC), appeared ready to loosen the controls which had been exercised for nearly twenty years and which encompassed every detail of social housing administration from site selection through architectural design to the awarding of contracts and supervision of the process of construction until takeover. Tenant selection and occupancy required the federal authorities to turn over the completed housing to the administration and management of federal-provincial housing authorities. It was assumed that the entire process in a specific project could

scarcely be achieved in less than five years.

The 1964 amendments led directly to the formation of the Ontario Housing Corporation (OHC) and within four years to the incorporation of several additional provincial housing corporations. The provinces were beginning to assume responsibilities which had been assigned to them by interpretation of the British North America Act, responsibilities which they had substantially neglected prior to 1950, and which they had scarcely been encouraged to assume in the ensuing fifteen years. The new legislation promised the largest proportion of capital advances for social housing ever offered by the federal agency, and although the federal share of the ultimate subsidies was reduced to 50 per cent, the provinces were encouraged to proceed with an expansion of public activity in the housing market on behalf of the most disadvantaged individuals and families in their community, specifically the so-called "low-income groups ".

While there was no hysterical rush during the next four years to build vast quantities of housing accommodation for those unable to provide decent, adequate and safe accommodation for themselves and their families, most provincial administrations were being organized for a substantial expansion of housing starts to be financed under the new arrangements. In Ontario, by 1967, the Ontario Housing Corporation had reached a state of organization and development whereby its role in the market for land and for construction was beginning to be felt. Moreover, it had evolved new techniques of direct purchase and acceptance of builders' proposals which enabled it to expand the quantity of public housing rapidly within a relatively short time.

Nevertheless, the federal authorities seemed uneasy about the capacity of federal-provincial co-operation to meet the enormous backlog of housing accommodation required by families and individuals throughout the income distribution. In 1968 the new Prime Minister, Pierre Trudeau, appointed the Honourable Paul Hellyer to chair a Task Force on Housing and Urban Development which reported within five months of its initiation. The Task Force questioned every facet of Canadian housing policy but was particularly harsh in its condemnation of two aspects which directly concerned social housing: the public housing program and the urban renewal program.

As far as public housing was concerned (that is, direct governmental intervention in the housing market to provide accommodation for low-income persons and families through direct construction, outright purchase or renovation of existing housing), the Task Force deplored the numerous and unmistakable multiple dwellings, often in high-rise form. In its wisdom the Task Force had re-discovered the basic desire of most North American families to "own their own home". It called for the creation of public housing accommodation in low-rise structures with every family having its front door on the street and its own living space in a private rear garden.

In the case of urban renewal the Task Force accepted, without serious question, the argument that the redevelopment of deteriorated areas adjacent to the central business districts in many Canadian cities could only be accomplished through the destruction of a significant portion of the existing housing stock. It recognized that urban renewal did result in the dislocation of some individuals and families and presented a problem in relocation which most local communities found it impossible to solve. The Chairman of the Task Force, who had been designated as "Minister Responsible for Housing", ordered a "freeze" on urban renewal projects and halted their progress for the better part of the ensuing six years.

Although Mr. Hellyer resigned when the report of the Task Force was not accepted by the federal cabinet, the recommendations of his group have had a profound influence to this very day. The Task Force recommended the creation of a Department of Housing and Urban Affairs within the governmental structure of Canada and urged that urban development be recognized as a matter of urgent priority by the government. This objective would be realized in part with the creation in 1971 of a Ministry of State for Urban Affairs, to be headed by a member of the cabinet to whom Central Mortgage and Housing Corporation would be responsible.

It has not been widely recognized that the decade since the appointment of the federal Task Force on Housing and Urban Development has been the occasion for deliberate and very significant shifts in national and provincial social housing policies. Most of these contradict the basic assumptions of the quarter century since the passage of the National Housing Act 1944 and the creation of Central Mortgage and Housing Corporation in 1945. They do represent the quiet implementation of several of the most significant recommendations of the Task Force of 1968-69. Despite the major studies and initiatives launched by the new Ministry of State from 1971 through 1975, almost every substantial change in policy can be found within the Task Force Report.

THE FALL OF THE FAMILY FROM FAVOUR

During the four decades from the early 1930s through the late 1960s the notion of "family" appeared to assume a position of centrality within both public (governmental) and private (market) housing policies. There was little or no doubt that the beneficiary of housing policies and programs ought to be the family, defined as two parents with one or more dependent children and perhaps one or more persons related by blood or marriage, living together in the same household. These arrangements were considered both the normal and the desirable state of social development within the society. Since the proportion of persons over age 65 was less than 7 per cent in the 1930s and 1940s, the housing re-

quirements of the elderly were not considered to have the same priority. Similarly, since there was little or no sympathy for the unmarried mother who wished to retain her child, or for the separated or divorced person with responsibility for dependent children, little or no thought was given to the housing requirements of these groups. Rather, the twin thrusts of economic benefit consequent upon the re-housing of disadvantaged families from the most inadequate housing were considered the top, if not the only, policy priorities.

Within the last decade, these emphases have been altered. The reasons for a shift away from the centrality of the family within housing policy towards other priorities are once again both economic and social in origin. Economic problems of the 1970s in North America – unemployment and inflation proceeding simultaneously – are very different from those of the pre-war period. Moreover, the social circumstances in which a great many family units or households now find themselves are quite different from those which were the norm in the pre-war period. Whatever the explanation, there can be little doubt that the family as such, and particularly the low-income family, has lost its position of highest priority within public and private housing policies.

A "family of low income" is defined in the National Housing Act as a family that receives a total family income that, in the opinion of the Corporation (CMHC), is insufficient to permit it to rent housing accommodation adequate for its needs at the current rental market in the area in which the family lives. In several of the major legislative acts passed by the governments of the provinces in recent years, this definition has been expanded to include the possibility of purchase of housing rather than simply rental within their jurisdictions. It is significant that the federal definition does not include this concept, partly because it seems to imply that families of low income are expected to be tenants rather than home owners. Paradoxically, a good many of the federal-provincial housing programs initiated in the 1970s are intended to enable families with quite modest incomes to assume the responsibilities of home ownership.

A significant proportion of so-called "low income" families are in receipt of social assistance payments made available through federal-provincial or provincial-municipal social welfare programs. In fact, for the poorest 20 per cent of families in 1971, about one-third of total income was earned as wages and salaries and almost half was received as payments by governments, either through universal transfer programs such as family allowances and old age security allowances, or through direct social assistance payments.[1] While it is true that an important proportion of such families in the lowest income levels do occupy satisfactory housing, particularly elderly persons and couples, the evidence in both urban and rural areas points conclusively to the fact that the condition of housing and income levels are directly related. The poorest housing in every community is occupied by the poorest families; since the poorest families often include larger numbers of

children than the average, they tend to be crowded and their needs for the basic physical amenities are often unmet. It is these families to whom, in the years 1945-64, most attention was paid when the concepts of slum clearance, urban redevelopment and urban renewal were under consideration, both for purposes of program definition and for purposes of program implementation.

The housing conditions of Canada's native peoples are generally the most unsatisfactory and indeed deplorable within the nation. When substantial numbers of members of such groups migrate to urban centres, as in the case of Winnipeg, Regina and Toronto, they move almost immediately to the bottom of the socio-economic distribution, exist for the most part with income provided through public social welfare programs, and occupy some of the poorest housing in the nation. This is not so evident in Toronto where a group of native people, Wigwamen Incorporated, formed a non-profit housing company which, with federal and provincial funds, has purchased accomodation which it rents to families within its community (Ontario, Ministry of Housing, 1976: 15).

It can readily be understood, therefore, that Canadian families of lowest income, of largest size, or where one of the two parents is deceased or has left the family unit, constitute the majority of applicants for public housing accomodation throughout the ten provinces. If, as seems desirable, the housing management organization created under federal-provincial-municipal or provincial auspices considers the need for housing as the prime determinant in selecting families for accommodation in relatively scarce public housing, the social situation in such housing projects becomes a deterrent to normal family life on the one hand, and an obstacle to further public participation in housing programs on the other.

There are, depending upon the definition used, perhaps 150,000 publicly provided non-institutional dwelling units available for "low-income families" throughout this country. At the same time, there are approximately one-half million one-parent families (Canada, Ministry of State for Urban Affairs, 1976: 5), most of whom have relatively little income and would score highly on any point rating system designed to determine priority for public housing accomodation. It is thus entirely conceivable that every public housing dwelling unit in Canada could be occupied by a one-parent family, if need were the sole criterion.

Alternatively, the needs of the elderly in Canada for decent and adequate housing accommodation are substantial, when one considers that more than half of all Canadian individuals over the age of 65 are in receipt of some guaranteed income supplement determined on a means test, over and above the basic old age security allowance. Elderly couples and individuals might well occupy a great deal more of the available public housing accommodation if need were the only criterion. In both cases, however, need is not the only criterion because the desirability of social viability (community) within the housing project itself is central in the thinking of every intelligent public housing administrator and because the size of the available accom-

modation is a factor which must be taken into consideration.

More important perhaps than these observations is the fact that the nature and distribution of poverty in Canada is such that antagonism has developed towards the nuclear family, particularly in its role as applicant for public housing. Not only have many municipalities who must initiate the requests for intergovernmental housing activity throughout the country been overly cautious, but often entirely discriminatory in their choice of housing programs so as to exclude poor families, whether headed by one or two parents. The reasons for such discrimination are entirely clear from a management standpoint, but from a policy point of view are entirely unacceptable.

HOUSING DEMAND: CHANGING SOCIAL PATTERNS

In addition to these factors there are other personal social innovations which affect strongly the relationship between supply and demand in the housing market. There are a great many more non-family households than ever before and they are of unusual composition. Twenty or thirty years ago, a non-family household might consist of two sisters, one sibling taking care of another sibling of the opposite sex in their old age, a son or daughter living with an elderly parent and providing care and support. The household compositions now so prevalent were relatively unknown.

Today, a unit of demand for housing may come forward from households composed of two, three or four persons of the same sex who are unrelated; they may come from common-law partners without children; they may come from single persons who in the affluence of the 1960s or early 1970s would have been able to accumulate the capital required for a downpayment on a single-detached or condominium home, certainly sufficient resources to rent a privately marketed apartment. Whatever the nature of the households which constitute the demand for housing units, the facts are that first, the nuclear family is no longer the pre-eminent source of demand for housing for sale or for rent,[2] and second, the newly constituted households of the 1970s demand a somewhat different type of housing accommodation. Their requirement is usually a set of spaces and facilities which would not meet the requirements of the traditional family of parents and children.

It cannot be argued, with the exception of the situation in certain housing markets at certain times within certain communities, that the housing demands of these new types of social arrangements have made it impossible for families to acquire housing accommodation. But it is certainly worth arguing that these new demands have induced investors in housing development to concentrate their energies in meeting the requirements of these new markets, rather than to continue building accommodation that might be more adequate for traditional family requirements. Moreover it is possible that this shift, which became evident in the early 1960s, did reduce the push towards innovation in housing construction which might have

reduced the cost of traditional family housing. These tentative arguments will never be settled because it is a fact that the entire Canadian housing demand-supply situation changed relatively suddenly and very strongly in the early 1960s in the direction of multiple housing, primarily for rental, rather than single-detached housing, primarily for sale.

It is worth while, then, to separate out the private market from the public or assisted housing sector. In the private market, the housing industry responded very quickly after 1960 to the changing demands of the newly formed family or household types by shifting the kind of construction in which it was engaged. It would not have done this if it were not a fact that multiple housing in high-rise form in the large urban centre was far more profitable than the building of four or five single-family detached homes on an acre of ground in the typical suburban municipality. High-rise apartment buildings, which became particularly evident by the mid-1960s throughout Canada's twenty-three census metropolitan areas, were both an economic and a social response to changing family conditions.

In the public sector, however, which combines a mixture of self-interest and charitable impluses on the part of local politicians, local community groups and elected representatives in higher levels of governments, the changes in the family were not so welcome. Fewer and fewer intact families consisting of two parents and one or more dependent children presented themselves as candidates for public housing accommodation. By the mid-1970s, in Ontario at least, applications from one-parent families headed by a woman constituted from one-half to two-thirds of all applications received by public housing registries in the medium-sized and larger urban centres. In 1971, 80 percent of all single-parent families were headed by a woman but in the crucial area of publicly provided accommodation for low income families the proportion of applicants from one-parent families includes fewer than five families per hundred headed by a male. These facts, together with the point rating systems which have been developed to evaluate the needs of applicants for housing accommodation, could lead directly to a form of social segregation which the community would not countenance, even if there were not strong tendencies towards discrimination at work.

Although elected and appointed officials have been assured again and again that only a very small proportion of families in social housing are troublesome (perhaps 2 to 3 per cent), they have toured housing projects in various provinces, particularly in Ontario, and they do not like what they see. What they like to see is well-maintained, well-trimmed, beautifully painted apartment buildings such as those inhabited by families in the upper 15 per cent of the Canadian income distribution. What they do see is some of the evidence of poverty; the difficulties of maintaining property in its "spanking new" condition, the well-used outdoor spaces and facilities, the occasional evidence of vandalism, and the kinds of pressures on physical structures which come about as a result of densities per dwelling

unit of five or six or more persons. Moreover, the decision-makers, primarily the elected and appointed officials of local government, have discovered a much safer group upon which to devote their energies and their charitable instincts; specifically, our increasingly large elderly population.

The evidence is now clearly at hand and some figures may be of interest. Table 1 illustrates the declining numbers and proportions of family housing and the increasing share of senior citizens' accommodation within the public housing programs initiated in Ontario, the province in which the greatest activity has occurred since 1951. It is clearly evident that the construction of new accommodation for low-income families in Canada's most populous province has almost dried up. The situation may be more noticeable outside the municipality of Metropolitan Toronto in terms of numbers but within Metro itself the situation is quite clear. In a word, family accommodation within public housing is out of favour with local initiating bodies and little or no pressure is being exerted by provincial governments in the late 1970s to reverse this trend.

On the other hand, almost everyone is pleased that elderly couples and single elderly individuals are attracting the bulk of attention and that most new housing accommodation is provided for them. Such persons are uniformly grateful, do not have children, cause very few problems of operation and management, pay their rent on time, and are rarely engaged in vandalism or other anathemas to public housing management.

HOME OWNERSHIP OR RENTAL HOUSING FOR LOW-INCOME AND MODERATE-INCOME FAMILIES

The response of governments, both the government of Canada and the governments of several provinces, to this situation has not been to create additional public rental housing for families whose incomes would be judged to be in the lower middle or the upper segment of the lowest third of the income distribution. Such programs as the Assisted Home Ownership (AHOP), launched in 1973, and the provincial equivalents were designed to push the capacity for home ownership down the income distribution to the lower portions of the middle third or even below.

The reasoning of the federal government was clearly stated in its written presentation to Habitat:

> Throughout most of the country, home ownership has been viewed as a social good, conferring stability on both communities and families. When, suddenly, it is no longer possible for many persons of average and even well-above average incomes to become home owners it is natural to conclude that something is seriously awry (Canada, Ministry of State for Urban Affairs, 1976: 15).

TABLE 1

Public housing provided for families and senior citizens – Ontario, 1951-76[a]

	1951-71	1972	1973	1974	1975	1976
Completions under federal-provincial and OHC programs						
Metro Toronto						
Family	13,300	2,370	4,785[c]	1,994	776	57
Senior citizen[b]	–	–	–	–	–	–
Balance Ontario						
Family	14,540	1,267	1,321	1,198	521	331
Senior citizen	8,370	3,537	3,343	3,167	5,515	3,555
Acquired by purchase of take-over						
Metro Toronto						
Family	5,885	141	–	28	24	132
Senior citizen	–	–	–	–	–	–
Balance Ontario						
Family	252	24	48	242	224	108
Senior citizen	283	–	–	–	–	–
Sub-total	42,630	7,339	9,497	6,429	7,060	4,183

SOURCE: Ontario Housing Corporation

a Excludes dwelling units acquired through Rent Supplement and Accelerated Family Rental Housing Programs

b Municipality of Metropolitan Toronto is responsible for Senior Citizens in Metro Toronto. Housing stock approximates 9,000 units.

c Includes 333 hostel units

Canada was primarily a nation of home owners when the National Housing Act was first amended in 1949 to permit intergovernmental arrangements in the public provision of housing accommodation at rentals below the amortized economic cost. It is a major paradox of Canadian housing history that low-income families and individuals were destined to become tenants in social housing accommodation at a time when most tenants were in the middle and upper income groups. Perhaps it was believed that most occupants of "blighted" or "slum" areas who would have priority for re-housing, were tenants. Perhaps it was judged that Canadians in the lower third of the income distribution could not possibly meet the payments or assume the responsibilities of home ownership, despite the fact that many were already home owners.

The major consequence of these assumptions, specifically the need to develop entirely new administrative arrangements and procedures for housing management, was not fully considered or perhaps not understood. The problems inherent in managing thousands of publicly provided dwelling units for families and elderly persons in the 1970s could not be visualized in the early 1950s, nor in 1964 when the legislation was amended to encourage the provinces to exercise their constitutional and social responsibilities.

By the late 1950s, three major socio-economic considerations began to play interrelated roles in the Canadian housing market which ultimately led to fundamental changes in national social housing policies. The first of these was the fact that the apartment building boom, which started about 1959, was beginning to run its course. Appropriate land sites were more difficult to acquire as urbanization proceeded rapidly in most large Canadian centres.

Citizen resistance in the form of neighbourhood opposition to the building of high-rise multiple dwellings was a second and strong factor in increasing the difficulty developers faced in building rental accommodation. Citizen opposition was matched within the elected local councils by legislators who were beginning to espouse the philosophy of "no growth" or a "steady state" within the development of Canadian cities. These twin pressures, from without and within elected councils, forced planning boards and their appointed officials to examine more carefully applications for building permits for multiple dwellings and to insist upon demanding physical and social requirements if such plans were to be acceptable.

The third factor of substantial importance was the aforementioned Report of the Task Force on Housing and Urban Development which recommended, in January 1969, that most Canadians should be enabled to own their own homes. This would be accomplished through the development of innovative techniques whereby working-class families would acquire an equity in their own housing accommodation.

The combination of these three factors, apparently relatively weak before

1970, became almost irresistible within a very few years. AHOP, as with almost all Canadian housing programs, had both economic and social objectives. The house building industry was depressed in the early 1970s since most builders were unable to find sufficient land and financing for more than a few detached and semi-detached homes for sale each year. Moreover, the price of houses for purchase was increasing rapidly throughout most Canadian urban centres. These facts meant that families in the lower middle income group and, indeed, in the lower half of the distribution of Canadian family incomes were increasingly unable to finance the purchase of housing accommodation.

In these circumstances AHOP made sense both in the economic and social spheres. It gave the house building industry a substantial boost which carried it forward for approximately three years until the supply of houses for sale began to exceed the demand to a substantial degree in 1976. In socio-economic terms AHOP provided an opportunity for many families to enter the housing market because it required maximum prices which varied from locality to locality and could be raised or lowered from time to time depending on changes in the cost of labour, materials and, above all, money. Moreover, these maximum prices were about 20-25 per cent below the average sale prices indicated by Multiple Listing Services in most Canadian cities

AHOP is a program with a considerable social impact, not merely because it enabled some families in the lower middle income group and in the working class (upper third of the lower third in the income distribution) to purchase houses but because it provides subsidies which, at least in theory, enable home ownership to be possible for families with as little as one-half to two-thirds of the average family income in specific localities. This was accomplished by the device of a repayable interest reduction loan offered by the Central Mortgage and Housing Corporation on behalf of the government of Canada, and "piggy backing" on the part of several Canadian provinces. This system of a double layer of subsidies, in which certain provinces such as Nova Scotia and Saskatchewan were involved as early as 1974, was a serious attempt to offer modest-income and low-income Canadian families (the working poor) a choice between assisted social housing for families on a rent-geared-to-income basis, and home ownership, with the opportunity of living in a neighbourhood of their choice in many communities, rather than in areas developed by local housing authorities with the assistance of provincial housing corporations.

At the time AHOP was launched, first mortgage rates in Canada were 12 per cent or slightly more per annum. The interest reduction provision offered a loan to qualified home purchasers, at a reduced interest rate of 8 per cent for the first five years of the mortgage. During the sixth year of the mortgage there would be no repayment of this loan. Beginning with the seventh year of amortization the home purchaser is required to meet mortgage payments at the market rate for first

mortgages then prevailing, together with a monthly payment for five years to repay the interest reduction loan.

At the same time the government of Canada offered, in the first period of the plan, an outright subsidy or grant of $300 per annum to reduce further the monthly shelter cost of these home purchases and thus permit families with lower incomes to enter the market. As inflation proceeded, this annual subsidy was raised to $600 and is currently $750. In the various provinces additional grants were made available to AHOP purchasers and in Ontario, in 1976-77, the Ministry of Housing announced that it would match the federal subsidy. In making the announcement the Minister expressed the conviction that families with a little less than $7,000 per annum in total family income might conceivably become home purchasers in certain communities.

This program is significant as an expression of public-private co-operation in the development of housing accommodation for families who would normally be part of a rental market in which, after 1972, there has been little or no accommodation to rent, and certainly little accommodation – at any price – adequate for families with more than three children.

Social housing policy has now changed dramatically from rental accommodation in large apartments for low-income families to an emphasis upon home ownership for a relatively wide band of families with incomes ranging from one-third to two-thirds of the average family income in major urban centres. Since it is clearly dependent upon the continuance of inflation, this changing social emphasis has built-in difficulties which make it a very dangerous program for families in the lowest income group. It is unfortunate that a national social housing policy is in effect "betting on" inflation. Repayment of the interest reduction loan without hardship is dependent upon an increase in the income of the home purchaser over the first five years of mortgage repayment. Moreover, such increase in income must be sufficient to enable the purchaser to continue to pay back the mortgage at a higher rate, plus an additional repayment of the interest reduction loan from the seventh to the eleventh year.

Perhaps the government is facing reality and recognizes that it does not have the capacity to contain inflationary increases in the price level. Nevertheless, those families in the lowest income group of AHOP purchasers cannot count upon a commensurate increase in their income, either because they lack the skills required in an industrial society or lack stability in their work record to enable them to predict a steadily rising annual income. It is not a prospect without worry for all partners in the process – the purchaser, the governmental authority and the taxpayer at large who may ultimately be required to "bail out" those faced with default.

The shift from rental accommodation to home ownership for the lowest 40 per cent of families classified by total family income has a further significant economic impact in the housing market. It has already been noted that major construction

firms were moving away from multiple dwellings to investment in non-residential op-oportunities including shopping centres and the purchase of commercial buildings both within Canada and the United States. The AHOP program has had some effect in shifting the house building industry from apartment building to home building and to continued investment in home ownership residential accommodation. It would be naive to suggest that the largest apartment builders of the period 1959-72 have become builders of small groups of AHOP-financed homes for purchase. It cannot be denied, however, that many small and moderate-size house building organizations have been able to continue in existence by virtue of the AHOP program; and some new building organizations have entered the field to take advantage of these financial o, portunities and to meet the requirements of one sector of the infinitely complex housing market.

FROM CENTRALIZATION TO DECENTRALIZATION

It was previously asserted that, in practice, the federal-provincial partnership in social housing (1950-64) involved strong centralization by virtue of the assumed roles of the Central Mortgage and Housing Corporation. This was true despite the affirmation that local or regional governments must accept responsibility for initiation, and local (federal-provincial) housing authorities (LHAs) must administer and manage the completed housing. In reality the LHAs accepted the buildings and were forced to accommodate themselves to the structures, the locations, the site plans, the families who had applied for tenancy and all the rules for management that were laid down by the senior levels of government.

The period of hegemony of the provincial housing corporations, commencing in 1965 and by no means ended, meant decentralization from the federal to provincial political and administrative structures. Within the provinces, however, a further process of centralization became evident as the provincial governments, through their housing corporations, sought to standardize local policies, procedures and managerial techniques. In British Columbia the local housing authorities were eliminated; in Ontario, the Metropolitan Toronto Housing Authority was absorbed by the Ontario Housing Corporation and field manuals governing local authority participation in the process of development and management were revised and tightened.

In Ontario, moreover, direct management from OHC head office was instituted in areas where social housing was built but in which no local housing authority existed. This process was further strengthened after 1972 when branches (district offices) were opened in six key urban centres (Ottawa, London and Sudbury, for example) to assist and to monitor the operations of local housing authorities as well as to advise local and regional governments.

Within the past three years the government of Ontario, through its Ministry of Housing, has announced its determination to decentralize responsibility for the

development, operation and management of social housing. Local governments have been advised that they may elect to assume the provincial role, seek a 90 per cent loan from the federal Corporation, provide the remaining 10 per cent capital contribution, choose sites, award contracts, operate and manage the completed housing and ultimately own the buildings. If they choose to pursue this course they may engage the OHC as operational and management consultant. On the other hand, local governments may elect to continue the process in effect since 1965 whereby the OHC receives and implements the local request for social housing.

At the same time direct management from Corporation headquarters or through the branches is to be discontinued in favour of operation and management by new housing authorities where required or by extended responsibility of existing LHAs. This decision was taken by the Ministry as early as 1974 and a Housing Authorities Expansion Program was initiated. The program encompasses a variety of possibilities: housing authorities covering an entire regional government area or an entire municipality where no authority existed previously; new authorities covering all or part of a municipal jurisdiction and superseding existing housing authorities; expanded existing authorities covering larger geographical responsibilities with or without existing bodies to be superseded; new authorities covering entire counties while absorbing several existing housing authorities; and other permutations and combinations. Fifty-one housing authorities were in operation by October 1, 1977. This was a substantial increase in number despite the fact that more than twenty older authorities were superseded by new organizations. The number of housing authorities in Ontario is expected to reach sixty-five by 1979.

Creation of new authorities and expansion of established bodies has been accompanied by a delegation of financial and administrative responsibilities not previously undertaken by local housing authorities in existence for one or two decades. Apparently the Ministry means business but the impacts of these important policy changes in Ontario remain a matter for conjecture. Past experience throughout Canada provides a basis for one worrisome observation: local housing authorities with significant power and capacity to implement decisions can and often do ignore federal-provincial social housing policies, particularly in the field of human rights, and operate their portfolios like miniature principalities buttressed by punitive value judgments. In the years of the federal-provincial partnership both Halifax and Windsor, for example, with a significant proportion of black people in the population, recorded very few black tenants for whatever reason.

The danger is that decentralization of major authority to the local level will reinforce tendencies in the tenant selection process which are negative towards poor intact families, one-parent families, deviant individuals and, indeed, children. There is little doubt that antagonism towards the family and emphasis upon housing for senior citizens reflect the views of men and women in the upper middle socio-economic group who are most likely to be appointed to board membership on local housing

authorities by elected officials representing the three levels of government.

RENEWED CONCERN RESPECTING FINANCIAL SUBSIDIES

In the early years of public housing activity the federal Corporation was greatly concerned with the per unit per month subsidy required to operate and maintain social housing. By virtue of CMHC's control of the process of development it could reject or modify architectural designs and construction specifications to maintain the difference between estimated costs and projected revenues (rentals) within specified limits. There has never been a satisfactory explanation of the fact that for several years the specified maximum per unit per month subsidy was $25.00. Perhaps this was a nice round figure but it was no mere target or guideline. Projects were approved and constructed, or severely redesigned and even rejected, on the matter of acceptable or excessive subsidy. By the late 1950s the limit was raised to $42.00 per unit per month, in recognition of the increase in construction costs and the difficulty of projecting subsidies years ahead of actual building construction and completion.

When the OHC and other provincial housing corporations expanded the quantity of social housing rapidly in the late 1960s and early 1970s, the issue of total dollar losses to be met by the several levels of government seemed of little concern. Price inflation throughout the economy and within the construction industry during the last five years has caused a significant change in attitude. On the one hand, the costs of operation and maintenance in social housing are moving inexorably upward as the costs of mortgage money, utilities, municipal taxes (paid in full) and wages of operational and maintenance staff have risen from 100 per cent to 300 per cent since 1971 in Ontario. On the other hand, the rental revenues gained from public housing tenants move much more slowly upward because their incomes are quite low and, in the case of those in receipt of social assistance, relatively fixed.

As a consequence of these disparate relationships it is now impossible in Ontario to project construction of either senior citizen or family housing at less than $225-$250 per unit per month subsidy.[3] The Deputy Minister of the Ministry of State for Urban Affairs expressed concern recently that total subsidies in Canadian social housing were in excess of $500 million. In Ontario subsidies have now reached $200 million. The Nova Scotia Housing Commission referred to the matter of subsidies in its annual reports for fiscal 1973 and fiscal 1974 and noted that the government of Nova Scotia had imposed a moratorium upon the building of family housing because of its projection of the subsidies over the fifty-year amortization period.

In the years of substantial economic growth and moderate price inflation neither total nor average subsidies attracted much attention. In the years of economic constraint and relatively rapid inflation financial subsidies in social housing are be-

coming a deterrent. Many of the eleven senior governments in Canada have projected ahead, based on current losses, and visualize vast amounts of money for subsidies within a quarter century. Proponents of expanded social housing programs can insist correctly that such sums are, and will be, quite small proportions of annual budgets of all governments. These years are, unfortunately, a very poor time to "market" such arguments.

CONCLUDING COMMENTS

It is important to emphasize the interrelated nature of the factors affecting social housing policies and the policy changes apparent in the middle and late 1970s. The shift from public housing for families to senior citizens' housing, the shift from rental housing for low-income groups to home ownership opportunities for moderate-income persons and families, the movement to decentralize responsibility for social housing to local and regional governments, and the renewed concern about financial subsidies in social housing; these are all constituent elements of changing social housing policies which reinforce each other.

In an affluent society encountering economic distress, high unemployment and high inflation simultaneously, there is less and less tolerance of "poor people", low-income groups or whatever terminology is used. A working definition might be "those persons and families with annual incomes one-half or less than the median personal and family incomes within the jurisdiction" or, if you prefer, the lowest quartile in the population. Attitudes towards social housing are mixed with attitudes towards so-called "welfare bums", attitudes towards so-called "unemployment insurance cheats" and attitudes towards sole-support mothers with dependent children for whom love of household and children is not enough.

In these circumstances the view is that we "owe" less to broken or never-created families and more to the elderly "who built this country". We should encourage more families to assume the responsibilities of home ownership which implies "good citizenship" and attention to community development. We should encourage local governments which, in most provinces, provide little or no capital and only a modest share of subsidies in social housing, but which know and understand local requirements, to assume much greater responsibility in the development, management and financing of such housing. And, if we are to curb governmental expenditures, we must no longer neglect the projected data for absolute and average subsidies in social housing.

The total picture is not entirely bleak. Neither is it promising or pretty. Programs of social housing in Canada face further changes consequent upon restrictive policies.

NOTES

1 Nevertheless, nearly 600,000 households of the one million considered to be below the poverty line in 1972 owned their own homes, and 85 per cent of these were free from mortgage debt (Canada, Ministry of State for Urban Affairs, 1976: 5, 21).

2 This is closely related to greatly increased costs of home purchase and rental housing. It has been estimated that only 30 per cent of Ontario families in 1974 could carry the costs of home purchase with less than 25 per cent of their gross family income. The comparable figure for 1967 was 70 per cent of families (see Ontario Economic Council, 1976: table 4).

3 In Ontario new construction for senior citizens in the first half of 1977, the average subsidy exceeded $245 per unit per month.

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